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USDOC FOR 532/OEA/MNICKSON/ADYSON
USDOC FOR 3132 FOR FCS/OIO REGIONAL DIRECTOR PATRICK SANTILLO
BICE FOR OFFICE OF STRATEGIC INVESTIGATIONS

SIPDIS

E.O. 12958: N/A

TAGS: BMGT BEXP HK ETRD ETTC
SUBJECT: EXTRANCHECK: POST SHIPMENT VERIFICATION: CHINA INTL
LOGISTICS CO LTD

REF: A) USDOC 00125

1. Unauthorized disclosure of the information provided below is prohibited by Section 12C of the Export Administration Act.

¶2. As per reftel A request and at the direction of the Office of Enforcement Analysis (OEA) of the USDOC Bureau of Industry and Security (BIS), Export Control Officer Philip Ankel (ECO) conducted a shipment-verification (PSV) at China International Logistics Co Ltd., 9/F Shing Yip Industrial Building, Kwn Tong, Hong Kong (China International). The items in question for this PSV are various integrated circuits exported to China International on or about September 23, 2008. On the applicable shippers export declaration (SED), these items are classified under export control classification number (ECCN) 3A001 and, if properly classified, would be controlled for national security (NS) reasons. The exporter was Unique Union Inc. of Buena Park, California.

¶3. According to the Hong Kong Companies Registry, China International has been in existence since 2004. Its paid up share capital is the Hong Kong equivalent of USD 1250. The Hong Kong Companies Registry lists Hong Kong resident Chan, Wai Yiu Wallain and mainland national When, Yung Eng as directors.

¶4. A web review reveals that China International is the Hong Kong affiliate of Shenzhen Wanshou Industry Co. Ltd. (www.wanshoushiye.cn). Wanshou is an electronics trading and logistics company established in 2003. It has a range of affiliates throughout China involved in varied activities such as telecommunications products trading and waste water management.

¶5. On February 25, 2009, ECO accompanied by Commercial Assistant, Carrie Chan, visited China International and met with Ms. Lee, shipping coordinator (no business card provided). [Note: The Hong Kong offices of China International consist of a small 400 square foot room with a small cubicle and open space (for placing packages)]. Ms. Lee stated that China International operates purely as a warehouse for mainland clients. In particular, it accepts shipments on behalf of mainland customers. Those customers, in turn, appoint transport companies to pick up the shipments to take them to the mainland. The company obtains its clients from referrals. Ms. Lee stated that the company does receive shipments on behalf of Acromax (the buyer on documents provided by OEA). According to Ms. Lee, there have been three to four shipments since July of 2008. When asked, Ms. Lee was entirely unfamiliar with export control rules. [Note: To be fair, since China International apparently neither ships nor orders items, its overall responsibilities in this respect are quite limited.].

¶6. As to the shipment in question, Ms. Lee stated that the company no longer had any documentation related to the applicable items. She explained that the shipment had occurred several months prior and such documents were typically retained at the company's warehouse in Shenzhen.

¶7. Based on the information noted above, ECO believes China International is not a suitable recipient of controlled U.S. origin technology.